

RED WING CREDIT UNION



QUARTERLY FOCUS

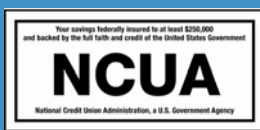
Preview Fall 2023

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651-388-7133

3303 North Service Drive • Red Wing
www.redwingcu.com



INTERNATIONAL CREDIT UNION DAY

On October 19, Red Wing Credit Union will join over 56,000 credit unions around the world to celebrate the 75th anniversary of International Credit Union (ICU) Day. ICU Day highlights the many ways credit unions across the world help members work towards achieving their financial goals. ***To celebrate, please join us for cookies and coffee in our lobby on Thursday, October 19th.***

Credit unions were built on the principle of “people helping people.” We’ve seen that philosophy in action for years, with credit unions providing access to affordable financial products and striving to meet the needs of underserved communities. Red Wing Credit Union is honored to be a part of this proud tradition.

One member at a time, we are working to build a stronger community and look forward to serving you and your family for years to come!

CHECK OUT OUR SOCIAL MEDIA
PAGES ON FACEBOOK AND LINKEDIN



5 TIPS

to Help Build Better Credit

Like building a house, constructing a financially stable life requires laying a stable foundation. Good credit is a major part of that foundation. Having solid credit can make it easier to qualify for loans, get better interest rates and receive credit on better terms. Follow these five basic tips and you'll be well on your way to improving your credit score.

1 PAY BILLS ON TIME



Paying bills when they are due is one of the most important ways to improve a credit score. Staying on top of expenses shows lenders that you are responsible with credit. According to FICO, payment history accounts for up to 35 percent of your credit score, making it the single most important factor in FICO's scoring model. One tip to stay on top of your payments is to set up autopay whenever you can. With autopay, your bills will be paid on a preset date and you won't have to worry about forgetting.

2 MIND YOUR CREDIT CARD BALANCES



Similar to paying your bills, paying your credit cards down will reduce your credit utilization ratio, which matters because credit utilization is the second most heavily weighted factor in FICO's scoring model. Credit utilization is essentially the percentage of available credit that you are actually using. Generally, the lower the ratio, the better. Lenders will notice your accountability and ability to stay on top of your finances, leading to higher credit scores.

3 REVIEW YOUR OWN CREDIT REPORT



Credit reporting agencies are thorough, but there are still opportunities for mistakes or even fraud to occur. You can combat these possibilities by obtaining your own credit report and reviewing it for accuracy. You can verify that each payment is credible and legitimate. If there are errors, you have the opportunity to have them rectified and thereby improve your credit score.

4 DON'T APPLY FOR CREDIT TOO OFTEN



Applying for credit is something we all need to do, but the frequency with which we do it can impact our credit scores. It's important to remember the difference between soft inquiries and hard inquiries. Soft inquiries occur when you check your own credit report or when a credit card company preapproves you for an offer. Soft inquiries do not impact your credit score. A hard inquiry, on the other hand, is recorded on your credit report when you apply for a new line of credit, which can temporarily lead to a lower credit score. Multiple hard inquiries in a short time span is sign of risk - creditors wonder why you all of a sudden are seeking so much credit. The good news is that most scoring models treat multiple inquiries of a single type as a single inquiry. So, if you're shopping for the best rate on a car loan and getting quotes from different lenders, those could be treated as just one inquiry.

5 LEARN HOW CREDIT SCORES ARE DETERMINED



Many factors go into a credit score. The first and largest is your payment history, which, as mentioned earlier, can account for 35% of your score, according to FICO. The best thing you can do to maintain or improve your score is to make consistent and on-time payments. Other factors, including your payment history, credit utilization ratio, mix of types of credit, and how long you've been using credit have a substantial impact on your credit score as well.

In the end, it's about good habits.

The best thing you can do is to develop good habits with credit. Don't get caught up in the game of trying to achieve a "perfect" score. Instead, focus on paying your balances on time, keeping a low utilization rate, and apply for credit, but only when you need it. Following these basic rules can help you improve your score over time.

RED WING
CREDIT UNION

For questions about building or improving your credit, reach out to any of our lending team at 651-388-7133 or stop in today!

INVESTMENT CORNER

by Rich Douglas



Inflation & Your Money

"If the current annual inflation rate is 3 percent, why do my bills seem like they're 10 percent higher than last year?"¹ Many of us ask ourselves that question, and it illustrates the importance of understanding how inflation is reported and how it can affect investments.

What Is Inflation?

Inflation is defined as an upward movement in the average level of prices. Each month, the Bureau of Labor Statistics releases a report called the Consumer Price Index (CPI) to track these fluctuations. It was developed from detailed expenditure information provided by families and individuals on purchases made in the following categories: food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other groups and services.²

How Applicable Is the CPI?

While it's the commonly used indicator of inflation, the CPI has come under scrutiny. For example, the CPI rose 7.9 percent for the 12 months ending in February 2022. However, a closer look at the report shows movement in prices on a more detailed level. Energy prices, for example, rose 25.6 percent during those 12 months.¹

Are Investments Affected by Inflation?

They sure are. As inflation rises and falls, three notable effects are observed.

FIRST, INFLATION REDUCES THE REAL RATE OF RETURN ON INVESTMENTS. If an investment earned 6 percent for a 12-month period and inflation averaged 1.5 percent during that time, the investment's real rate of return would have been 4.5 percent. If taxes are considered, the real rate of return may be reduced even further.³

SECOND, INFLATION PUTS PURCHASING POWER AT RISK. When prices rise, a fixed amount of money has the power to purchase fewer and fewer goods.

THIRD, INFLATION CAN INFLUENCE THE ACTIONS OF THE FEDERAL RESERVE. If the Fed wants to control inflation, it has various methods for reducing the amount of money in circulation. Hypothetically, a smaller supply of money would lead to less spending, which may lead to lower prices and lower inflation.

Empower Yourself with a Trusted Professional

When inflation is low, it's easy to overlook how rising prices are affecting a household budget. On the other hand, when inflation is high, it may be tempting to make more sweeping changes in response to increasing prices. The best approach may be to reach out to your financial professional to help you develop a sound investment strategy that takes both possible scenarios into account.

¹ USInflationCalculator.com, 2023. As of June 2023 ² BLS.gov, 2023 ³ This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments. Past performance does not guarantee future results.

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"These are the opinions of Rich Douglas and not necessarily those of Cambridge, are for informational purposes only, and should not be construed or acted upon as individualized investment advice. Diversification and asset allocation strategies do not assure profit or protect against loss. Indices mentioned are unmanaged and cannot be invested into directly. Past performance is not a guarantee of future results."

ARTWORK AT THE CREDIT UNION

We are excited to continue our partnership with Red Wing Arts to showcase our talented local artist community. The 2023 Plein Air collection will be featured on the walls throughout our building through next August. Plein Air (which approximates to “open air” in French), is a study of how light and shadow interact, creating a snapshot of one moment in time – and each year, artists come from around the region to paint recognizable scenes of our beautiful town. Please come in and take a look at this amazing exhibit.



CU Forward Day – held annually on the second Monday in October, is a Minnesota state-wide initiative of credit unions employees, members, and partners coming together to do one simple thing – spread kindness. In 2022, there was record participation with over

3,000 employee volunteers from 66 credit unions dedicating their day to community service projects totaling over 13,000 hours of service across the state.

Minnesota Credit Unions are not-for-profit financial cooperatives and are locally owned and operated for the benefit of the members they serve. Guided by the “people helping people” philosophy, credit unions put members and communities first.

Red Wing Credit Union will be participating in CU Forward Day on Monday, October 9. The credit union will be open from 8:30 a.m. until 12 p.m. noon. After closing our doors at noon, the credit union staff will be participating in a couple of community service projects.

FALL HOLIDAY CLOSINGS

- CU Forward Day Monday, October 9
.....closing at Noon
- Veteran’s Day..... Saturday, November 11
- Thanksgiving Day..... Thursday, November 23
- Christmas DayMonday, December 25

You can access your credit union accounts 24/7 via Online Banking (redwingcu.com), Touch Tone Teller (877-388-5349), and our Mobile Banking App. You can obtain cash with an ATM or check card. Be sure to check out these free services and ask us if you want more information.

SCHOLARSHIPS AVAILABLE!

2023 SCHOLARSHIP QUESTION:

WHO HAS INSPIRED YOU FOR YOUR PERSONAL GROWTH, TO MAKE A POSITIVE DIFFERENCE AND WHY?

Red Wing Credit Union is excited to partner with the Minnesota Credit Union Foundation Scholarship Council to offer \$18,000 in \$1,000 individual scholarships to our members. Any Red Wing Credit Union member pursuing post-secondary education in the Fall 2024/Spring 2025 OR is a high school senior graduating in 2024 is eligible to apply.



Applications are currently being accepted online at www.mnfsc.org now through November 30, 2023.

(Essay tips: Please share your personal story; use the specifics you identified in the preliminary questions to write your essay.)

CHRISTMAS CLUB REMINDER

If you have a Christmas Club savings account, the balance will be deposited into your share savings account the first week in November, unless you made other arrangements.

Red Wing Credit Union has club accounts to help you save for all sorts of life events, not just for Christmas. You can name it “Vacation Club”, “Birthday Club”, “Emergency Club”; call it whatever you want and save simply through payroll or automated transfers. It is easy and fun to watch your balances grow – why not set one up today!